## Global Teams

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## Introduction

This Wiki shall explore the concept of Global Teams. It will examine the challenges management are faced with and the strategies used to overcome these challenges, including looking at case studies where effective management of global teams has been demonstrated. The evidence provided in this Wiki will allow readers to form a decision as to whether the use of Global Teams is a **new trend in management.**

## Background

The way in which businesses operate is constantly evolving in order to keep up with changing societal demands; new approaches to management are being injected into the workplace in an effort to increase the general efficiency, turnover and maintain competitive status. Neeley, 2015 states that ‘to succeed in the global economy today, more and more companies are relying on a geographically dispersed workforce’.

* 1. **What are Global Teams?**

Global teams are composed of individuals with diverse talents and experience; Bartlett and Goshal, 1998 suggest that global teams are developed primarily to counterbalance pressures from consumer demands, market demands and resource availability in order to help organisations achieve “**Global Efficiency**”. In forming global teams a business is able to ‘draw on the benefits of international diversity, bringing together people from many cultures with varied work experiences and different perspectives on strategic and organisational challenges’ (Neeley, 2015).

**3 key elements to a successful Global Team**

Figure 2: (Model adapted from Earley and Gibson, 2002)

## Drivers of Global Teams?

* 1. **Role of Globalisation**

As globalisation continues to increase, it remains at the forefront of business professional’s minds and its application to business strategy is as important as ever. Crowther, 2010 states that the pace of globalisation has increased for a number of reasons in the past few decades, ‘mostly related to increasing competition and the rapid changes of technology and information transfer’.

There is growing significance in the ability to be able to operate on an international scale in order to expand into untapped markets. This is supported by discussions in the 2015 Harvard Business Review (Neeley) where the purpose of global teams was identified as successfully offering ‘the best functional expertise from around the world, combined with deep, local knowledge of the most promising markets’.

* 1. **Diversity’s role in business**

A company’s ability to embrace diversity affects workplace culture, productivity and the general competency of any given team. For most managers diversity is prioritised when creating their business strategy, during the recruitment process and when making key business decisions.

Effective collaboration is beneficial to any business; a diverse workforce brings together individuals from different backgrounds who are able to bring unique experiences and perspectives to the table. ‘Organisations rely on collaboration to develop and execute projects, design, build and deliver products and create services that cross national boundaries’ (Rivera, 2016).

Often a large problem when collaborating with new people from different backgrounds is preconceived judgements and assumptions about particular cultures. Exposure to new cultures and perspectives allows individuals to enhance their own understanding, and develop the way in which they think and work, benefiting not only them but the company also. When team members perceive shared understandings with other members, the positive affect and prosperity to trust generated by such a discovery fuels performance improvement (Kilmoski and Mohammed, 1994: *Cited by Earley and Gibson, 2002*).

## Challenges faced when managing a Global Team

* 1. **Communication**

‘When team members come from different countries and functional backgrounds and are working in different locations, communication can rapidly deteriorate, misunderstanding can ensue, and cooperation can degenerate into distrust’ (Neeley, 2015).

* + 1. **Language barriers**

A key advantage to operating within a diverse workforce is the various skills each worker brings to the table, language skills being a primary one. For companies expanding into new markets where the local language is not that of their own, bilingual individuals are high in demand. Individuals with these skills are able to communicate with locals and often form better working relationships due to shared commonalities. However it is important to consider that a language may not be a worker’s ‘first language’ there for communication could be slightly slower as translation and review will have to occur in order for the information shared to be accurate.

* + 1. **Time difference**

Organising meetings alone can be a challenge for managers of global teams due to employees working in different time zones. Careful scheduling is necessary in order to ensure that all employees are reachable and for management to effectively manage the performance of the group. For example, whilst on placement I was based in Australia yet reported to a manager in the UK, regular communication was key to my role however due to the difference in time meetings were scheduled for either before or after my official working hours. Where outside office hour meetings are required a question of commitment and engagement arises, will employees be willing to do this? Virtual teams have addressed this concern in the fact that work can be ‘passed over’ to employees elsewhere at the end of the working day.

* 1. **Alignment of goals**

Many global teams are plagued with problems of ‘misalignment in individual team members’ goals, a dearth of the necessary knowledge and skills, and lack of clarity regarding team objectives’ (Management Sloan Review, 2001). Successful management of a global team will see all employees are aware of the relevance of their role within the team and how it contributes along with their co-workers input to achieving a common end goal.

* 1. **Lack of trust**

According to the Management Sloan Review, 2001 ‘trust is critical to the success of global business teams in that it encourages cooperation and minimizes unproductive conflict’. When building a team, the initial impressions of individuals are what determine whether or not an individual wants to be a part of the team and the level of commitment they are prepared to give. For example a manager that doesn’t follow through with proposed actions and lacks in drive will tell an employee that working in this team may be harder than it should be and that their efforts may not be appreciated. ‘Without mutual trust…team members may shy away from revealing their true beliefs; or if they do express their viewpoints, they may not be heard’ (Management Sloan Review, 2001).

## Managing a Global Team

<https://www.youtube.com/watch?v=DgbU7pP5QRc>

Discussions in the 2001 Management Sloan Review indicate that ‘it is virtually impossible for a multinational corporate to exploit economics of global scale and scope, maximise the transfer of knowledge or cultivate a global mind-set without understanding and mastering the management of global business teams’. Managing a global team requires strong commitment to hard work, time, trust, and breaking out of the traditional defaults and ‘going out of your comfort zone’ (Molinsky, 2013).

* 1. **Creating a workplace culture**

Cultural differences continue to exist within global teams, effective management of these differences will be sensitive and personal opinions, beliefs and behaviours recognised. Whilst these cultural differences exist, most management teams aim to create their own workplace culture. ‘The internationalisation of business, creation of a “global village” and similar influences remind us that a science of organisations and management is incomplete without the integration of concepts of culture, interdependence and self-awareness’ (Earley and Gibson, 2002).

A manufactured workplace culture consists of agreed social norms and business behaviours that will maximise effective teamwork and productivity. Earley and Gibson, 2002 support this format, stating that ‘effective teams are those with a strong team culture because share member expectations facilitate individual and team performance’.

* 1. **Establishing trust and maintaining communication**

Managers in most companies are actively seeking to increase trust between themselves and their employees as it is widely recognised as the key to success in global working environment. ‘Communication is the most important element in building trust between the teams’ members. Only in having trust, people will be able to understand and rely on each other’ (Duran and Popescu, 2014).By engaging in open conversation that is slightly informal, yet controlled employees are likely to feel comfortable sharing their opinions with the group.

In dispersed teams, there is a potential issue of disengagement and feelings of exclusions from remote employees. All employees should have the importance of their role explained, be given equal opportunities to provide input, and be consulted before key decisions so as to avoid individuals feeling undervalued within the group. Although in-team communication is a key component to its success managers should also converse with employees on a one to one basis, allowing individuals who may be quiet within a group setting to still voice their opinions.

Duran and Popescu, 2014 state that because language and body language are not elements that virtual team rely on heavily, ‘very easily misunderstandings can become a difficult problem’. Cost and time permitting, face-to-face meetings should be delivered, putting a face to a name solidifies business relationships and personal behaviours are easily recognised in this environment.

* 1. **Creating a “Team Charter”**

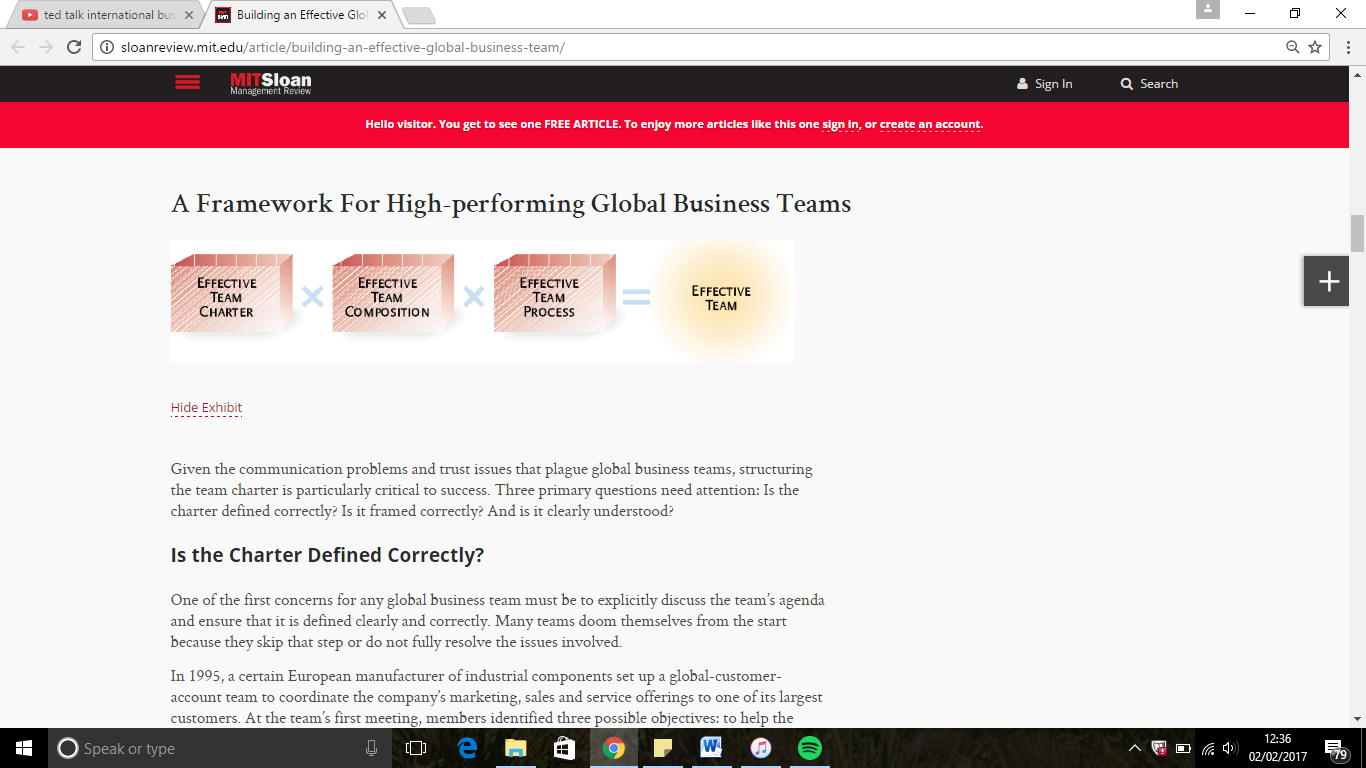


Figure 3: (Management Sloan Review, 2011)

## New trends: Virtual Teams



Figure 4:

<https://www.youtube.com/watch?v=pob8QFQESts>

Companies are increasingly turning to virtual teams ‘as means of connecting and engaging geographically dispersed workers, lowering costs associated with global collaboration and enabling greater speed and adaptability’ (Heller et al, 2010). Creating a virtual team is the most efficient way to manage globally dispersed workers, as it allows employees to be present from any location around the globe (Duran and Popescu, 2014) due to their involvement in a **virtual environment** rather than face to face.

* 1. **Advantages**
     1. **Flexibility**

Flexibility is one of the main benefits of virtual teams, research conducted by the University of Aberdeen, 2016 found that ‘for some businesses, speed is of the essence, and strategic locations around the globe can capitalise on this by using different time zones to their own advantage’. Flexibility in turn increases a company’s ability to adapt to environments and challenges quickly, thus increasing the success rates of projects and its overall efficiency.

* + 1. **Costs**

Technological advances have made virtual teams possible; meetings are increasingly delivered over Skype meaning employees are not limited by their geographical location. Caro, 2016 states that an ‘online conference costs by far less money than bringing every meeting participant on the same table’ and therefore money is one of the largest drivers for virtual teams for a business. It can also be drawn upon that many companies looking to expand on a global scale aim to do so in a way that is cost effective, prioritising company outgoings is therefore key, which a virtual environment can support in its low cost.

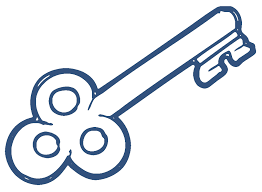
* 1. **Disadvantages**
     1. **Building a team**

‘Developing a global mind-set among managers is essential to overcoming challenges associated with working across languages and cultures’ (Heller et al, 2010). Virtual teams are often built to fulfil a specific business need, such as global expansion; therefore building a team that has the right people and skills in is a challenge for most managers. For example a good team will contain various skills, and one employees weakness should be counterbalanced by another’s strength, however when assembling a team from a distance management aren’t able to pick up on personality traits that may affect a teams combined performance.

* + 1. **Communication**

Maintaining regular communication and keeping remote employees engaged is critical when operating in a primarily virtual environment. Factors such as time difference make communication between co-workers harder in comparison to working in a domestic team. In his 2015 Ted Talk, Siantonas compares virtual working to a relay team; for example once employees in London finish their working day, they effectively hand work over to the team in New York who are just starting (see video). Lack of communication negatively effects employee morale and can easily lead to misunderstandings of what the end goal is.

<https://www.youtube.com/watch?v=u3NLIF0aTFk>

**Lead differently**

**Arrive at decisions differently**

**Build trust differently**

**Communicate differently**

Figure 4: Forbes’ four keys to virtual team success (Forbes, 2015).

## Changing the ways companies work

An annual list of the top “Global Human Capital Trends” is produced by Deloitte, in 2016 research concluded that ‘92% of companies cited “redesigning the way we work” as one of their key challenges, making the #1 trend of the year’(Deloitte cited in Forbes, 2016).

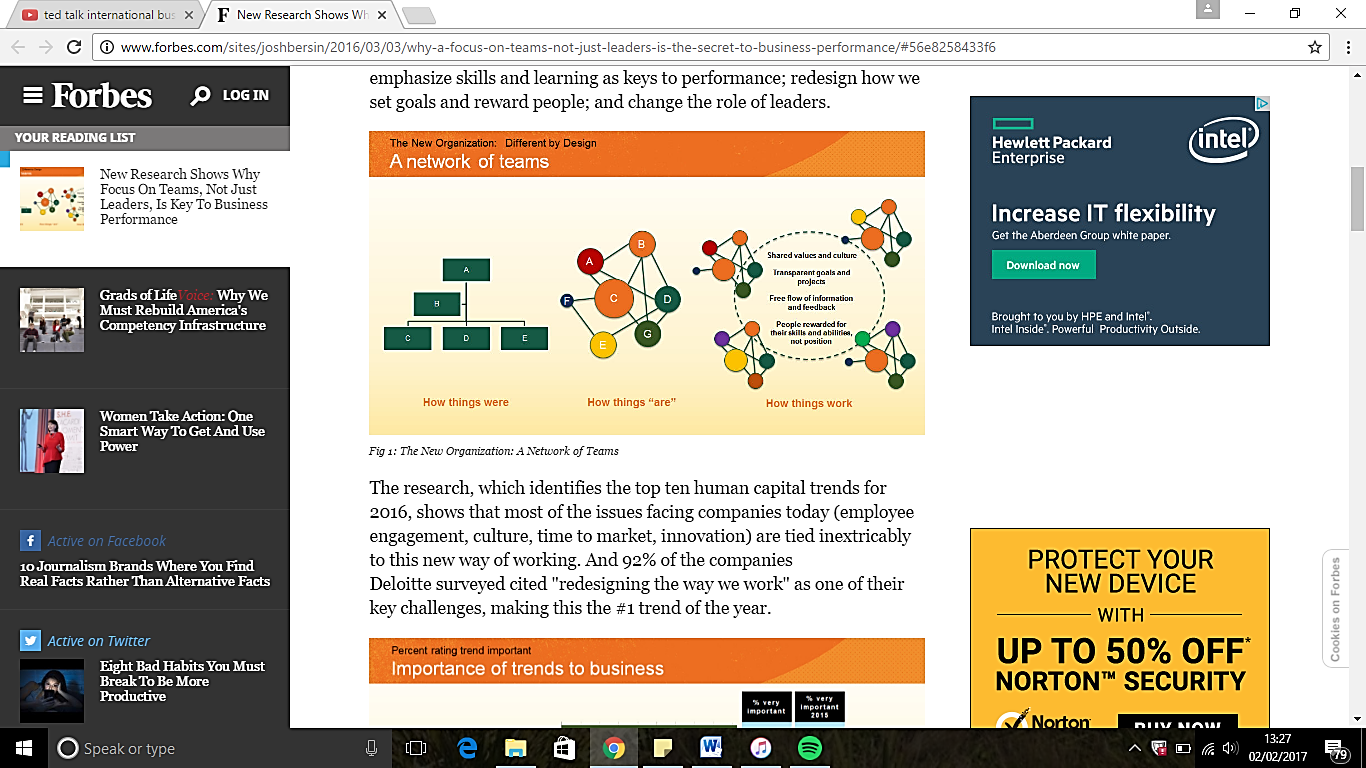


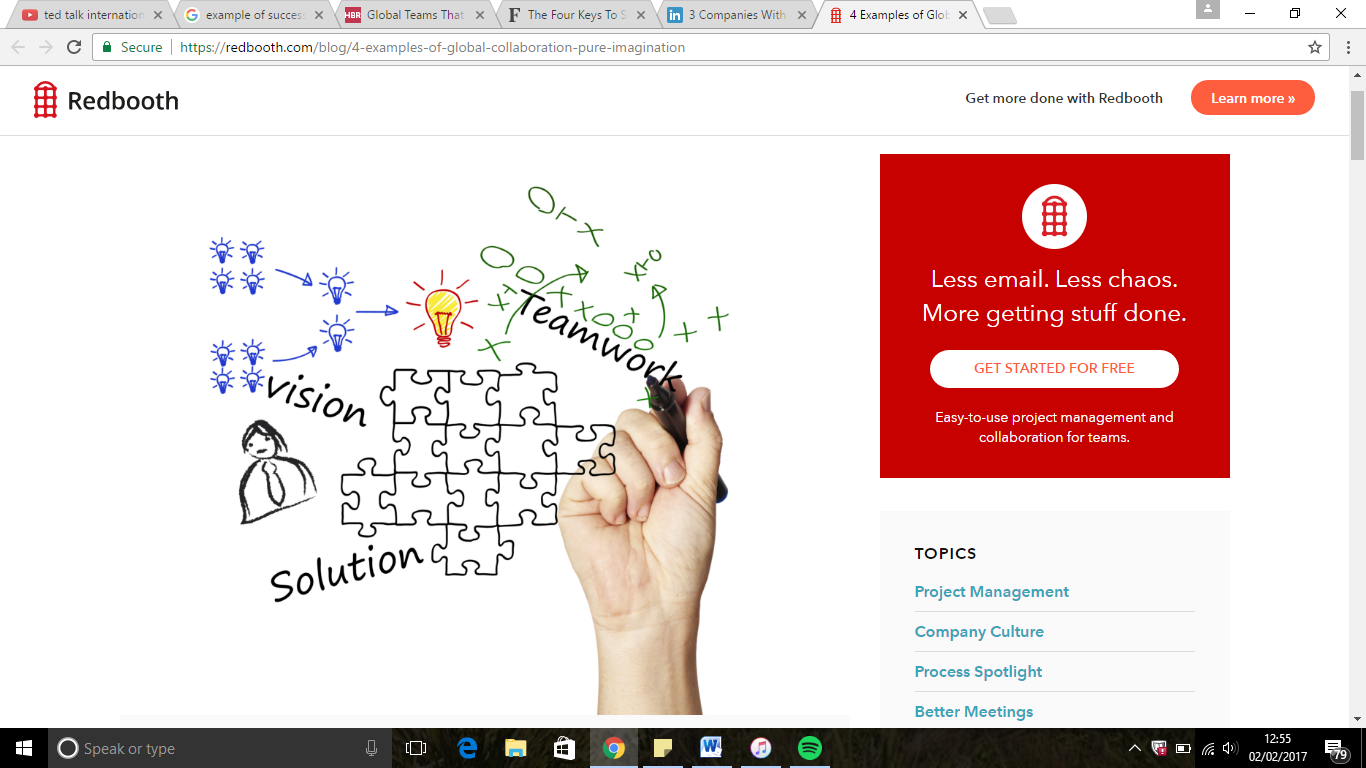
Figure 5: New organisation of teams (Forbes, 2016)

Key subcategories listed as 2016 trends consisted of: **organisational structure, culture, people analytics, leadership and engagement** (Deloitte, 2016). Each of these trends can be associated with an increase in global teams:

* Engagement is key when managing geographically dispersed co-workers.
* The organisational structure adopted by a global team varies from that of a domestic team.
* As global teams become more common, willingness to learn and adapt is necessary from management in order to build the right teams and effectively manage people.
* ‘More than ever, understanding of employee action requires knowledge of how action is related to the environment in which it is embedded (Earley and Gibson, 2002)’.
* People analytics “gaining speed” is achieved by opening up candidate pools globally, providing opportunities for increased competitiveness.

Whilst global teams that operate virtually appears to be a growing trend, a 2005 Deloitte study (cited in HBR, 2014) found that of individuals interviewed ‘most people consider virtual communication less productive than face-to-face interaction, and nearly half admit to feeling confused and overwhelmed by collaboration technology’ (Harvard Business Review, 2014).

## Case Study



<https://redbooth.com/blog/4-examples-of-global-collaboration-pure-imagination>

**7.1 IBM**

<https://www.youtube.com/watch?v=tpTymuM3jeo>

With such a diverse and globally spread workforce, managers of these globally spread teams at IBM inevitably face challenges, such as time zone differences. IBM has adapted their organisational structure in order to minimise the problems this causes, now operating in a “**Results Oriented Work Environment**”. ‘IBM employees can live where they want and work in virtual teams based on their own schedules. What holds the workforce together is the use of social networking tools and the occasional face-to-face meeting’ (Brantley, 2010). The multinational corporation has chosen to do so in hopes that this freedom will motivate employees to be more productive during the hours that they work.

Whilst this is a new operational strategy where employees are given high flexibility, performance management is still a key component to the team’s success. Employees log into a virtual “collaborative software” that logs the work they’ve completed, the hours they’ve committed and allows them to engage in virtual meetings to discuss their progress (IBM, 2015).

**7.2 General Electric**

<https://www.youtube.com/watch?v=52xaPkI19ag>

As highlighted in the video GE are changing their organisational structure in order to make it more collaborative. The company has created a more relaxed work environment and in turn staff feel confident expressing themselves, not only internally but when working with external business partners. It is evident that employee engagement is high, with people keen to engage in a new way of working and use new technology.

## Discussion

**8.1 Is it new?**

The concept of global teams is not something that is entirely new, however the challenges of managing these teams are ongoing. Technological advances in the past two decades have created collaborative tools and fast communication methods that has allowed businesses to build global relationships and construct teams of people that are not co-located. Global expansion as a sub-concept is not new; Smith (Cited in The Economist, 2013) suggests that the beginnings of economic development and a global business mind-set began as early as 1942.

However Earley and Gibson, 2002 indicate that there is a current lack of ‘comprehensive theoretical framework for understanding how these unique teams operate and function’. It can be concluded that whilst the concept isn’t completely new, the way in which teams are being managed is, and the dearth of theoretical evidence suggests that its importance as business tool is more substantial and will continue to do so.

**8.2 Is it a trend?**

The challenges faced when managing a global team are of current interest; companies are constantly developing new innovative management strategies that benefit the company, fulfil the needs of their employees, and differentiate the company from that of competitors.

**8.3 Is it management?**

Although specific framework is not necessarily adopted when managing global teams, it is clearly something that is a continual process for management. Deloitte, 2016 suggests that most managers consider this concept to be highly important and that they are adapting their current way of working to effectively lead a global team. ‘Organisational outcomes – strategic choices and performance levels are partially predicted by managerial background characteristics’ (Hambrick and Mason, 1984). It can be assumed that due to the overwhelming challenges those who lead global teams are faced with, effective management comes down to what works best for specific team as there will inevitably be differences across departments and different companies. It can be concluded that without effective management, global teams are likely to be ineffective, and bring more problems that solutions.

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